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Budgeting for Results Commission Springfield Public Hearing

October 11, 2011

IARF Written Statement

The Illinois Association of Rehabilitation Facilities (IARF) represents over 90 community-based providers serving children and adults with intellectual/developmental disabilities, mental illness, and/or substance use dependencies in over 900 locations throughout the state. For over 35 years, IARF has been a leading voice in support of public policy that promotes high quality community-based services in healthy communities throughout Illinois. Approximately 600 licensed and/or certified community-based providers provide services and supports to over 200,000 children and adults in the community system. Illinois is the primary funder of these services and supports, the majority of which are reimbursed by Medicaid matching funds.

IARF supports many of the concepts of budgeting for results and the practical approach to developing a state budget based on outcomes and goals, not politics and archaic past practices. We compliment Senator Dan Kotowski and his colleagues in the General Assembly for successful efforts to statutorily reform the budget process in Illinois, and we compliment Governor Quinn and the Governor's Office of Management and Budget Director David Vaught for their leadership in ensuring the Administration is on board with a new vision for budget development. We would be remiss if we did not acknowledge the members of this Commission for your hard work these past several weeks as you focus your efforts on Illinois' first ever report of recommended outcomes and goals, advised allocations of revenues towards achieving those outcomes and goals, and identifying mandated expenditures that should be scrutinized more closely. The Association's recommendations relative to two of these three statutory mandates of the Commission report follows.

Recommended Outcomes and Goals

Thanks to the transparency of the Commission meetings to-date, the various presentations members of the Commission and the Governor's staff have provided to interest groups, as well as Senator Kotowski's establishment of the Spending Reform Team, Association staff have reviewed different iterations of potential outcomes, goals, and sub-goals that may serve as recommendations for building the state fiscal year 2013 budget. Versions have gone from very broad identified results, such as those on which the Governor's proposed FY12 budget were based, to very specific results, goals, and sub-goals that seem to have identified specific programs funded in previous fiscal year budgets. Therefore, in addition to our review of these drafts, the Association considered the following issues in developing our recommended outcomes:

- policy recommendations of our membership, which represents a broad spectrum of intellectual/developmental disability and behavioral health services and support providers;
- the scope of existing community-based services and supports, which include residential/housing supports, developmental training of life skills, supported employment and job training, and physical and behavioral health care needs;
- future state requirements as a result of national healthcare reform, recent state Medicaid reforms such as care coordination mandates and the long-term care rebalancing initiative, and court ordered consent decrees;
- the impact of severe budget cuts in successive fiscal years and Illinois' ongoing fiscal difficulties;
- the ongoing debate in Congress about reducing federal benefits to states; and
- outdated and inefficient legacy systems in our state agencies that hamper data collection and measurement.

With these considerations in mind, the Association advises the Commission to consider the following recommendations for purposes of its report to the Governor. Please note that these recommendations may cross-cut those draft outcomes and goals previously considered by the Commission in past meetings.

LARF Recommended Outcomes and Goals for Fiscal Year 2013

A robust and adequately funded system of community-based services and supports that meets the educational, health, and long-term care needs of persons with intellectual/developmental disabilities, mental illness, and substance use dependencies.

Increased employment opportunities for persons with intellectual/developmental disabilities and mental illness.

Identify and address gaps in specialized service needs (nursing, psychiatry, dental care, etc.) and address the growing shortage of direct support professionals serving individuals with intellectual/developmental disabilities, mental illness, and substance use dependencies.

In order to align with integrated care coordination models, begin to shift from a regulatory system focused on process and irrelevant data collection, to a streamlined and efficient regulatory system focused on outcomes.

Allocations of Revenues

In order for the Commission to meaningfully implement the Association's recommended outcomes and goals, *the percentages of revenues traditionally allocated in the state budget to community service programs must necessarily increase.* Commissioners with direct experience in state budget development and/or direct knowledge of state funded human service programs are well aware of the cuts state agencies such as the Department of Human Services have sustained for the past four fiscal years. Other Commissioners without such direct knowledge, however, may have witnessed the damaging effects of these cuts in their communities and have no doubt learned of them from the media.

Commissioners need to be aware of the *major cost drivers that will require the Administration to increase the allocation of revenues* well above existing funding levels for community-based programs *during FY13.*

Cost Drivers that Necessitate Increased Revenue Percentages for Community Services

Four consecutive years of budget cuts for community-based programs. Specifically:

- **\$174.58 million, or 19.3% in cuts to community-based programs serving individuals with intellectual/developmental disabilities**
- **\$116.69 million, or 46.5% in cuts to community-based programs serving individuals with mental illness**
- **\$40.0 million, or 46.2% in cuts to community-based addiction treatment programs for non-Medicaid individuals**

The Governor's policy position announced on September 8, 2011 to support community services. This position is consistent with the state's overall long-term care rebalancing initiative established by the General Assembly with P.A. 96-1501.

The announced closure recommendations of three state-operated mental health facilities and two state-operated developmental centers, which will require an increase in community-based capacity.

Three court ordered consent decrees will require the capacity of community-based services to expand well above and beyond what is funded by the state currently:

- ***Ligas* consent decree will require service expansion to as many as 2,000 additional individuals with intellectual/developmental disabilities.**
- ***Williams* consent decree will require service expansion to as many as 384 additional individuals with serious mental illness. This is in addition to 256 individuals transitioning from institutions for mental disease in FY12.**
- ***Colbert* proposed consent decree (not yet finalized) may require service expansion to as many as 300 additional individuals with physical disabilities and/or mental illness.**

Although Illinois continues to experience fiscal difficulties, the above discussed cost drivers leave no choice to the Administration and the General Assembly but to reverse the trend of state fiscal year budgets that target community-based services funded by the Department of Human Services for reductions. It is imperative the Commission acknowledge these cost drivers during its preparation for recommended allocations of revenues in the final report and future documentation developed by the Commission.

In addition to addressing these cost drivers, it is important for the Commission to be aware of the data collection and analysis limitations by the Department of Human Services that must be overcome in order to establish the accurate measurement of outcomes in the future. The Commission has reviewed the Department's Performance-Based Contracting Implementation Plan, and may recall that the Department does not currently collect outcomes and impact data for community-based services for individuals with intellectual/developmental disabilities, and only limited data for services

to individuals with mental illness. However, several members of the Association have developed dashboards and other electronic means of collecting such data on the services they provide to their clients.

In addition to what's listed above, the Association would be remiss if we did not inform members of the Commission that the current level of funding in the FY12 budget is inadequate to meet all of the health care and long-term care needs of individuals currently served in the system. This inadequacy is largely due to rate/reimbursement models that have not been properly adjusted to account for the increased costs of providing services. For example, rate studies commissioned by the Department of Human Services' Division of Developmental Disabilities have noted the inadequacy of existing rate models for two Medicaid waiver programs – CILA and developmental training – two services that may be heavily utilized as Illinois moves to implement institution downsizing and consent decrees.

Therefore, IARF believes the evidence strongly necessitates an increased percentage of revenue allocation to community based programs in FY13.

Clark, Kristen

From: jevans@firminc.com on behalf of Josh Evans [jevans@iarf.org]
Sent: Monday, October 10, 2011 6:36 PM
To: Clark, Kristen
Subject: BFR Commission Hearing - IARF Written Statement
Attachments: 10-10-11 - IARF Written Statement to the Budgeting for Results Commission.pdf

Kristen:

Attached is IARF's written statement to the Commission, my apologies for the delay.

Please convey my contact information to the Commissioners in case there are any questions.

Thank You,

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Joshua G. Evans
Legislative Director
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